

U. S. SCRAP CORP.

FINANCIAL REPORT

DECEMBER 31, 1971

JAMES COCALAS
CERTIFIED PUBLIC ACCOUNTANT
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WORTH, ILLINOIS 60482
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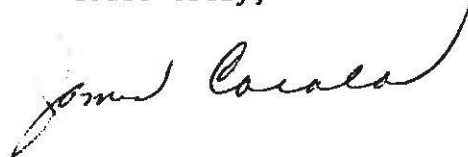
March 31, 1972

To The Board of Directors
U. S. Scrap Corporation
11507 South Michigan Avenue
Chicago, Illinois 60628

Gentlemen:

The accompanying balance sheet of U. S. Scrap Corporation (a Illinois corporation) as of December 31, 1971 and related statement of income for the year then ended were prepared without independent audit or verification and accordingly we do not express an opinion on them. A statement of changes in financial position has not been included. Furthermore these financial statements were prepared for the use of management internally and therefore, do not necessarily include all disclosures that might be required for fair presentation.

Yours truly,

A handwritten signature in cursive script, appearing to read "James Cocalas", written in dark ink.

U. S. SCRAP CORPORATION

BALANCE SHEET

DECEMBER 31, 1971

ASSETS

Current Assets:

Cash	\$	2,739.41	
Accounts receivable		19,594.81	
Prepaid expenses		<u>15,003.65</u>	

Total current assets \$ 37,337.87

Property and Equipment:

Land (per owners valuation - see note)	\$	100,000.00	
Incinerator complex (per owners valuation -see note)		300,000.00	
Fixtures and equipment		16,903.90	
Automotive equipment		<u>90,560.12</u>	
		507,464.02	
Less accumulated depreciation		<u>23,340.00</u>	484,124.02

Other Assets:

Due from officer 13,750.46

\$ 535,212.35

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$	30,329.95	
Accrued taxes		<u>12,836.40</u>	

Total current liabilities \$ 43,166.35

Other Liabilities:

Notes payable - Mack Financial	\$	22,594.46	
Notes payable - Associates Capital Service, Corp.		7,028.02	
Note payable - 1st. National Bank - Rockford		954.00	
Note payable - G.M.A.C.		<u>2,247.66</u>	32,824.14

Stockholders' Equity:

Capital stock	\$	25,000.00	
Additional paid in capital and appraisal increase - (see note)		380,000.00	
Retained earnings		<u>54,221.86</u>	459,221.86

\$ 535,212.35

Unaudited - see accountant's letter
and note to financial statement.

U. S. SCRAP CORPORATION

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 1971

Income:	
Chemical hauling	\$ 263,442.75
Sales of drums	<u>19,386.85</u>
Total income	\$ <u>282,829.60</u>
Costs and Expenses:	
Merchandise	\$ 14,682.32
Wages	111,016.50
Commissions	4,152.50
Sub-contract work	923.63
Supplies	5,481.54
Office expense	972.56
Repairs	2,456.15
Advertising - promotion	1,037.43
Travel	346.15
Automotive expense	27,066.62
Professional fees	3,272.30
Insurance	6,039.00
Medical reimbursement plan	1,199.56
Rent	2,500.00
Equipment rent	1,477.62
Telephone	8,403.27
Utilities	4,192.76
Payroll taxes	6,176.85
Franchise tax	40.00
Interest	2,438.50
Depreciation	23,340.00
Dump fees	400.00
Sales tax expense	<u>992.48</u>
Total costs and expenses	\$ <u>228,607.74</u>
Net income before taxes on income	\$ <u><u>54,221.86</u></u>

Unaudited - see accountant's letter.

U. S. SCRAP CORPORATION

NOTE TO FINANCIAL STATEMENTS

DECEMBER 31, 1971

LAND AND INCINERATOR COMPLEX

The owner of U. S. Scrap Corporation has contributed land to the corporation which he has placed a value of \$ 100,000.00. In addition the owner has valued the incinerator complex at \$ 300,000.00. The result of such valuations is reflected in the stockholders' equity section of the balance sheet as "additional paid in capital and appraisal increase".